

UNCLASSIFIED     CONFIDENTIAL     ~~SECRET~~     \_\_\_\_\_ (specify)

**REQUEST TO PROCUREMENT DIVISION FOR SERVICES**  
*(other than property or building maintenance and repairs)*

OFFICE/DIV/BR EL/ESD/TSSG	REQUEST NO.	DATE OF REQUEST 15 May 1969	I CERTIFY THAT FUNDS IN THE ESTIMATED AMOUNT OF \$ _____ ARE AVAILABLE. CHARGE TO FAN _____
PROJECT TITLE Image Analysis (change in scope)	PROJECT OR CONTACT OFFICER	EXTENSION B- R-	SIGNATURE OF BUDGET OFFICER _____ DATE _____
	PROPOSAL NO. AND DATE TO-B 40-69 7 April 69	CONTRACT & TASK ORDER NO. (if known) Task 32	

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TYPE OF SERVICE REQUESTED <input checked="" type="checkbox"/> RESEARCH/DEV <input type="checkbox"/> GRANT <input type="checkbox"/> REPAIR <input type="checkbox"/> MAINTENANCE <input type="checkbox"/> MODIFICATION	TRANSFER OF FUNDS TO OTHER GOVT. AGENCY (specify if applicable)	APPLICABLE ONLY TO REPAIRS AND MODIFICATIONS	
		TECHNICAL INSPECTION IS REQUIRED BY <input type="checkbox"/> RECEIVING DEPOT T & I <input checked="" type="checkbox"/> TECHNICAL MONITOR <input type="checkbox"/> ITEMS TO BE PICKED UP OR <input checked="" type="checkbox"/> SERVICES PERFORMED AT: ITEMS TO BE REDELIVERED TO:	

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CONTRACT CLASSIFICATION SECRET	WORK CLASSIFICATION UNCLASSIFIED	HARDWARE CLASSIFICATION UNCLASSIFIED	REPORTS CLASSIFICATION SECRET
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SHORT SUBSTANTIVE TITLE AND/OR DESCRIPTION OF SERVICE TO BE PERFORMED

To design and fabricate a set of shaded apertures for the Image Quantizer. These are to be the delivered item along with the appropriate documentation covering their use.

*(See reverse for specific information required on R&D requests.)*

APPROVAL		
DESIGNATION	SIGNATURE	DATE
	Ch/EL/ESD/TSSG	15 May 69

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PROCUREMENT DIVISION USE			
DATE RECEIVED IN PD	RECORDED BY	SECTION ASSIGNED TO	NEGOTIATOR

FORM 2420 REPLACES FORMS 2420 AND 2416 WHICH MAY BE USED.     UNCLASSIFIED     CONFIDENTIAL     ~~SECRET~~     \_\_\_\_\_ (specify)    (5-12-55)

UNCLASSIFIED  CONFIDENTIAL ATTACHMENTS OR STATEMENTS  SECRET  \_\_\_\_\_ (specify)

1 JUSTIFICATION FOR SOURCE SELECTION

This is a change in scope to the Image analysis program to implement a technique developed during that program. The contractor in question has both the equipment and knowledge for immediate implementation. This would not be available elsewhere within the cost.

2. PROPOSAL

Proposal attached to approval memorandum. Proposal No. TO-B 40-69, 7 April 1969.

3. DELIVERABLE ITEMS

REPORTS REQUIRED \_\_\_\_\_ NO. OF COPIES  MONTHLY  INTERIM  QUARTERLY  FINAL

HARDWARE (*state type and number*) A set of shaded apertures in holders compatible with the image quantizer.

OTHER

4. GFE REQUIRED

None

5. SPECIAL INSTRUCTIONS

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15 May 1969

MEMORANDUM FOR: Chief, Technical Services &amp; Support Group, NPIC

SUBJECT: Overrun on [redacted] Task Order 22  
(Image Analysis Program)

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1. The purpose of this memorandum is to state the pertinent factors related to the overrun on the Fiscal Year 67 Image Analysis program with [redacted]

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2. Appendix A is a copy of the document forwarded to me by [redacted] OL/PD/CA&SB/CSS, for approval authorizing payment for the overrun. It carries as attachments the formal request from [redacted] for payment of the overrun plus a breakdown of the overrun. This document, received on 7 May 69 was my first indication that any portion of the overrun was attributable to direct labor at [redacted]

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3. There was no notice of potential overrun during the term of the contract. The earliest mention of an overrun appeared in a letter dated 21 March 68. The contract ended 1 February 68 seven weeks before this date. The letter is attached as Appendix B.

4. [redacted] (a subcontractor on the same program) was caught in a similar overrun situation. By mutual agreement between [redacted] former Contracting Officer for NPIC, [redacted] was allowed to claim that portion of the overrun attributable to increased overhead and G&A rates [redacted] but was not allowed to claim that portion attributable to overspending on direct labor

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[redacted]. This conversation took place at the time

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of contract negotiations on 27-28 May 68 for a follow-on contract.

The overrun claimed in Appendix A referring to the

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subcontract overrun reflects this philosophy.

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5. Appendix C is a copy of a letter sent to me at my request explaining the nature of and reasons for the overrun. No comment is made on any but the fourth paragraph "This additional . . .".

At no time was any approval verbal or otherwise given for an overrun nor was the subject even broached prior to the letter of 15 March. While the excess costs were discussed, the only direct labor excess cost discussed were those incurred by [redacted]

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I had the understanding that the overrun by [redacted] [redacted] were attributable solely to overhead and G&A. [redacted]

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concur with these statements.

6. [redacted] TSSG/SSD/FB, during a telephone conversation stated that there are no funds left in the FY 67 R&D budget to cover the overrun.

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[redacted]

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APPENDIX A

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Date: 24 March 1959

TO :  25X1

FROM : Chief, Contract Settlement Section/OS/ED/CS 25X1

REFERENCE :  25X1

CONTRACT NO. :  25X1

1. The above referenced information is forwarded to your office for your technical review, evaluation and determination as to recommended procurement action.

2. Funding of the above Contract was originally accomplished under Reqn. No. ~~7455-4-1101~~, Voucher No. (Form No. 2429) Allotment No. 7455-4-1101.

3. Your response within ten (10) days from the date of this memorandum is requested. Should you foresee a delay in processing your reply beyond a ten (10) day period, please notify  25X1

4. If procurement action is desired, please complete and return the original and one copy of this form with the following information:

Contract No.	<input type="text"/>
Date	
Initials	W
Signature	
Approved	

APPROVED: \_\_\_\_\_

Certified Funds Available	Amount	Date
_____	<input type="text"/>	_____

Attachment:

Distribution:

Orig & 2 - Addressee w/att (Contractors Letter dated 31 Dec 58)

1 - Contract File w/orig correspondence

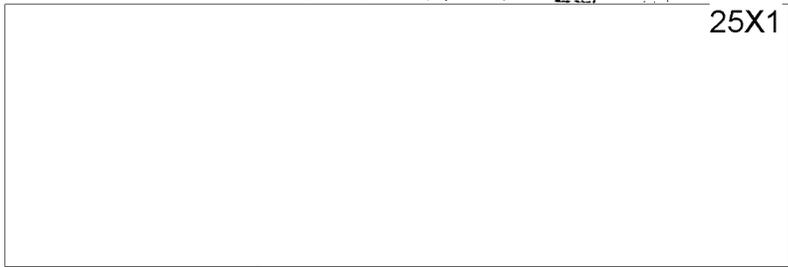
1 - Follow-up

CS/ED/CS/CS  24 Mar 59 25X1

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31 December 1968



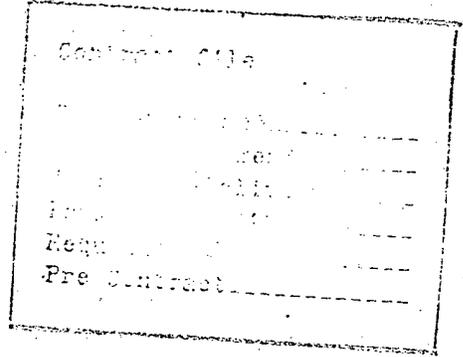
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Attention:   
Contracting Officer

25X1

Subject:   
Task Order No. 22

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Gentlemen:

In accordance with our previous letter of 29 July 1968 regarding the amount of the overrun on subject contract, we estimate the total overrun to be  based on our fiscal year ending book rates. This estimate is

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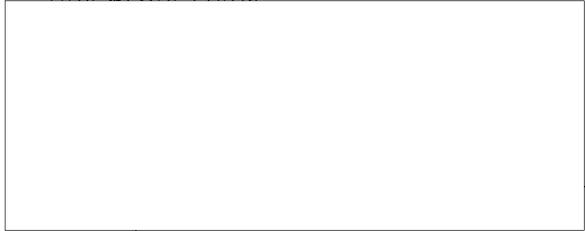
Enclosed herewith is Attachment A which shows a breakdown by element of cost contributing to the total overrun.

The final negotiated overhead and G&A rates could have a slight downward effect on the total overrun inasmuch as the cognizant Government auditors, DCAA, have not reviewed fiscal years 1967 and 1968 as of this writing.

We trust that the above information will be favorably received and that the overrun will be funded.

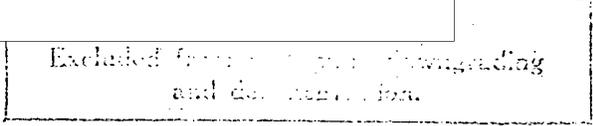
Please do not hesitate to contact the undersigned if clarification or additional information is desired.

Sincerely yours



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RJT/db  
Enclosure

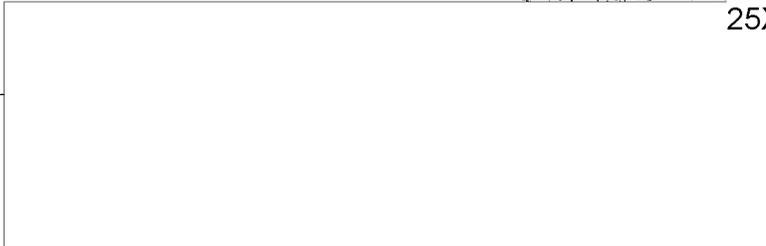


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APPENDIX B

SECRET

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This Document Consists of 1 Pages.

Copy No. 1 of 3 Copies.

21 March 1968



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Attention:



Contracting Officer

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Subject:



Task Order No. 22

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Gentlemen:

Reference is made to your letter dated 1 March 1968 regarding Article 9 of the Basic Agreement [redacted] entitled "Limitation of Cost".

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We have requested a best estimate as to the total estimated cost to be incurred by our subcontractor [redacted] and as of this writing we have not received a reply.

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As a result, we cannot be specific as to the exact amount of the overrun, but it is anticipated that the total cost to be incurred on the subject contract will exceed the target cost by approximately [redacted]

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[redacted] This estimate is based on our most recent projection of Overhead and G&A rates for FY '68.

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We will forward a more accurate estimate as soon as possible.

Please do not hesitate to contact the undersigned if clarification of the foregoing is desired.

Sincerely yours,



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Contract Administrator

RJT/db

GROUP-1  
Excluded from automatic downgrading  
and declassification

APPENDIX C

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8 May 1969

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Attention: John C.

Subject: [Redacted]  
Task Order No. 22

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Gentlemen:

In response to your recent request regarding the overrun of direct cost on the subject contract, the following information will justify the additional costs expended during the period of performance of this contract.

The Image Quantizer and Enlarger-Printer instruments delivered under this program required considerably more design and manufacturing hours than was originally anticipated. This was due to the complexity and technical difficulties of the instruments. This additional cost was necessary in order to successfully complete the technical requirements of the program.

Secondly, the guard service cost was initially anticipated to be for a period of nine months instead of twelve months. Also an additional cost per hour due to a wage rate increase occurred during the middle of the program. This increased cost was not taken into consideration at the time of negotiations.

This additional effort was done in good faith based on verbal approval from the Contracting Officer and the Technical Representative. The excess costs incurred were further discussed during negotiations of the follow-on contract and the overrun approved predicated on audit review of booked costs.

A formal written request was forwarded on 31 December 1968 to the Contracting Officer regarding the claim for the total overrun.

We trust the above information will be favorably received and that the overrun will be funded.

Sincerely yours,

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